

Message Text

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ACTION AGR-08

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8877

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 3179

E.O. 11652: N/A

TAGS: EAGR, BR

SUBJECT: ANDERSON-CLAYTON FORECASTS OF SELECT CROPS

1. FOLLOWING REPORT PREPARED BY CONGEN SAO PAULO:

ON APRIL 17, A DIRECTOR OF ANDERSON-CLAYTON TOLD CONGEN THAT HIS COMPANY IS NOW FORECASTING THE FOLLOWING FIGURES FOR THE 1975 BRAZILIAN HARVEST OF SELECT COMMODITIES:

A - SOY BEANS -- WHILE THE GOB IS ESTIMATING A 9 MILLION TON CROP, SAO PAULO TRADE CIRCLES EXPECT 10 MILLION TONS, AND ANDERSON-CLAYTON IS PREDICTING 11 MILLION TONS. BASED ON THEIR PRICE FORECAST, THEY BELIEVE THE CROP WILL EARN BRAZIL AT LEAST 1.325 BILLION US DOLLARS IN FOREIGN EXCHANGE ACCORDING TO THE FOLLOWING SCHEDULE: 1) BEANS - \$900 MILLION; 2) MEAL - \$350 MILLION; 3) OIL - \$75 MILLION. THE CROP, WE WERE TOLD, WILL BE SO BIG THAT IT HAS TO BE MOVED AT ANY PRICE. TRUCKS ARE COMING IN FROM ARGENTINA, PARAGUAY, AND BOLIVIA TO TAKE IT TO PORTS, WHICH WILL BE INUNDATED BY THE CROP. HEAVY UPWARD PRESSURES WILL BE PUT ON FREIGHT RATES AS SHIPPERS VIE FOR SCARCE TRANSPORT.

B - COFFEE -- CONGEN'S ANDERSON-CLAYTON CONTACT CALLED COFFEE "A DISASTER." OBSERVING THAT "EVERY NEW GOVERNMENT INVENTS A WHEEL" HE SAID THAT THE GOB POLICY AMOUNTS TO REBATING FOREIGN BUYERS IN DOLLARS BELOW CRUZEIRO SALES

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COSTS.

C - COTTON -- THE GOB STILL HAS IN STOCK 100,000 TONS FROM LAST YEAR'S CROP. IT WILL SUPPORT THIS YEAR'S CROP ABOVE WORLD MARKET PRICES, THUS ADDING TO THE GLUT ALREADY IN STORAGE.

D - CORN -- THERE WILL BE TWO MILLION TONS FOR EXPORT FROM WHICH BRAZIL SHOULD REALIZE \$100-200 MILLION IN FOREIGN EXCHANGE.

2. EMBASSY NOT IMMEDIATELY ABLE TO COMMENT ON ANDERSON-CLAYTON FORECASTS. WE SHALL SUBMIT VIEWS FOLLOWING RETURN OF ACTING AG ATTACHE, WHO IS CURRENTLY ON TRIP THROUGH SOUTHERN BRAZIL. IT SHOULD BE NOTED THAT ANDERSON-CLAYTON FORECAST ON SOYBEANS IS ONLY SLIGHTLY HIGHER THAN THE EMBASSY'S CORECAST OF \$1.25 BILLION (BRASILIA 2814). THE BEARISH OUTLOOK FOR COFFEE IS IN LINE WITH ALTERNATIVE FORECAST MODEL BEING SUBMITTED BY CONGEN RIO.
CRIMMINS

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